



FOR IMMEDIATE RELEASE

March 20, 2009

MAYOR JERRY SANDERS FACT SHEET

MAYOR RELEASES WATER ALLOCATION FORMULA

Plan Sets Allocations to be Triggered if Water Wholesalers Cut Supply Levels

Mayor Jerry Sanders has released the water allocation methodology plan for the City of San Diego. The plan was developed by the Water Department following months of public input. It describes how City water customers will be directed to cut back on water use should the City face reduced allocations from the state or its water wholesalers. The plan affects all City water customers including businesses, residences, multi-family homes, irrigation accounts and government agencies including the City of San Diego itself.

The plan requires approval by the City Council and would only be triggered if water allocations are imposed by the state or the City's water wholesalers.

We have created the plan because the state water agency and our water wholesalers have informed us that water supply conditions are tenuous and they are likely to reduce the City's allocation by midyear. If that happens, the City must have in place its own allocation methodology that can reduce overall use as fairly and equitably as possible. ***We must prepare for a different water future. We must make big changes in our water use in the event that San Diego is left with no choice but to allocate water at the local level.***

Mayor Jerry Sanders

GUIDING PRINCIPLES FOR DEVELOPING THE WATER ALLOCATION METHODOLOGY

At the Mayor's direction, the Water Department began exploring differing methodologies with which to fairly and appropriately allocate water reductions to all customer classes in response to a decrease in the water supply available to the City. At the outset of that work four guiding principles were established to help determine the best method for achieving water reductions.

1. The method must be **fair**.
2. It must be **easily understood**.
3. It must be **ready to implement** by July 1, 2009.
4. It must be likely to **achieve the targeted level of water reductions**.

PUBLIC INPUT ADDS PROTECTIONS AND CREDIT FOR CONSERVATION

The four public hearings, numerous stakeholder meetings and customer workshops held by the City were instrumental to the development of the water allocation methodology and led to numerous changes and refinements in the allocation plan. Thanks in part to that input, the water allocation methodology:

- a) **Provides a Supersaver Credit**, which exempts from any reductions those customers whose average monthly usage is 4,488 gallons (6 HCF) or less. This category of highly water-efficient customer accounts for 21% of all customers in the single-family-residence class.
- b) **Includes a High User Adjustment** that requires greater water savings from high-usage residential customers.
- c) **Treats interior and exterior water uses separately** for purposes of calculating individual allocations.
- d) **Contains year-round prohibitions on water waste**. Customers who practice water efficiency will not be affected by these prohibitions, or their enforcement.
- e) **Calculates allocations over a four-month period**, rather than within the one-month and two-month billing periods, giving customers with a reasonable period in which to adjust to allocations, and compensate for unexpected high usage.
- f) **Provides a variance process** under which any customer can appeal an allocation.

Each of these features of the water allocation methodology is explained in greater detail in the allocation methodology report released by the Mayor.

ALLOCATION METHODOLOGY SYNOPSIS

The allocation methodology released by the Mayor will be reviewed by the City Council's Committee on Natural Resources and Culture at 1:30 on March 25. The Committee will forward the plan for a hearing before the full City Council sometime in April.

In its recommendation to the City Council the Water Department is proposing that the allocation methodology be applied to individual customers and comprised of the following specific elements:

1. Individual allocations for all customers (including businesses, residences, multi-family homes, irrigation accounts and government agencies including the City of San Diego itself) will be calculated based upon achieving separate percentage reductions in the amount of water used interior and exterior at the property. The reductions will then be applied against a baseline consumption level for the entire property.
2. “Baseline” interior and exterior usage will be determined based upon the historic (FY 2005 – 2007) level of water usage during that same time of year.
3. The reduction percentages are designed to ensure attainment of a City-wide reduction requirement of 20% and will be set for individual customer classes at:

(Exterior / Interior):

i) Residential	45%	/	5%
ii) Multi Family	45%	/	5%
iii) Commercial	45%	/	3%
iv) Irrigation	45%	/	N/A

The 3% reduction for commercial customers reflects consideration of the economic impact interior use reductions would have on the operations of various businesses, including restaurants, hotels, retail sales, etc.

4. Once the property allocation is determined, customers can use water for either interior or exterior purposes, at their preference.
5. Should the City-wide reduction requirement be less than 20%, the percentage reduction applicable to exterior usage, as indicated in number three, above, will be reduced.
6. Allocations for each customer account will be established for the four month periods beginning July 1, 2009.
7. ***Supersaver Credit*** - Customers using 6 HCF (4,488 gallons) or less per month on average will not be required to reduce any further. Current estimates show that 21% of single family customers already fall into this category.
8. ***High User Adjustment*** - Single Family Residential customers using greater than 20 HCF (14,960 gallons) per month year-round will be required to reduce a greater proportion of exterior water use than other customers.

9. Customers with multiple meters or accounts will be able to request that the department “aggregate” allocations from differing meters and accounts in order to “trade-off” allocations between or within properties.
10. Recycled water use is exempt from use reduction and allocations.
11. Allocations for irrigation-only meters will be reduced equal to the percentage reduction for exterior use.

PENALTIES INCLUDED IN ALLOCATION PLAN

The City’s water allocation plan includes penalties for exceeding allocations. Because any mandatory allocation imposed on the City by the state or water wholesalers will include significant penalties for exceeding that allocation, the City must be prepared to pass those penalties on to local customers who do not adhere to their allocation limits.

The penalties anticipated from water wholesalers will escalate as the amount in excess of allocations increases. The rate for exceeding usage by 101 – 115% of allocation will be twice the normal cost of water. Should an agency go over by greater than 115% of allocation, the penalty increases to four times the cost of water. The City’s allocation plan will pass-through these penalties to its customers.

The full report is available online at:
www.sandiego.gov/mayor/news/index.shtml

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